

### **Rehabilitation Loan Mortgage Insurance (Section 203(k))**

Insures loans to finance the rehabilitation or purchase and rehabilitation of one- to four-family properties.

**Nature of Program:** This is HUD's primary program for the rehabilitation and repair of single family properties. A loan can be used to (1) finance rehabilitation of an existing property; (2) finance rehabilitation and refinancing of the outstanding indebtedness of a property; and (3) finance purchase and rehabilitation of a property. While the maximum repair threshold has been eliminated, the total loan amount must still fall within the FHA mortgage limit for the area. The loan amount is limited by the lesser of (1) the value of the property before rehab plus the cost of rehab, or (2) 110 percent of the appraised value of the property after rehab.

The Streamlined 203(k) Limited Repair program permits homebuyers to finance up to \$35,000 into their mortgage for simple home improvements. Unlike the standard 203(k) insurance program, the Streamlined 203(k) does not require oversight by a 203(k) consultant. With this product, homebuyers can quickly and easily tap into cash to pay for property repairs or improvements, such as those identified by a home inspector or FHA appraiser.

**Applicant Eligibility:** All homeowners that can make the monthly mortgage payments are eligible to apply. Cooperative units are not eligible; individual condominium units may be insured if they are in projects that have been approved by FHA and there are fewer than 4 units in the building. Rehabilitation is limited to only the interior of a unit. There are other limiting requirements for the use of the 203(k) loan in a condominium unit.

**Legal Authority:** Section 203(k) of the National Housing Act (12 U.S.C. 1709(k)). Regulations are in 24 CFR 203.50.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

**Information Sources:** Administering office and HUD field offices.

On the Web:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/203k/203k--df](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k/203k--df) and  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/203k/203kslrp](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k/203kslrp)

**Current Status:** Active.